



2013 SENATE BILL 389

1 **AN ACT** *to amend* 16.641 (3) (a) 1., 16.641 (7) (title), 16.641 (7) (a), 71.05 (6) (b)
2 32. (intro.) and 71.05 (6) (b) 32. a.; and *to create* 71.05 (6) (a) 26. of the statutes;
3 **relating to:** indexing for inflation of, and making other changes to, the college
4 savings plan income tax deduction.

Analysis by the Legislative Reference Bureau

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

5 **SECTION 1e.** 16.641 (3) (a) 1. of the statutes is amended to read:
6 16.641 (3) (a) 1. Contribute to a college savings account or authorize ~~a parent,~~
7 ~~grandparent, great-grandparent, aunt, or uncle of the beneficiary~~ any other person
8 to contribute to the account.

9 **SECTION 1m.** 16.641 (7) (title) of the statutes is amended to read:
10 16.641 (7) (title) EXEMPTION FROM GARNISHMENT, LIEN, LEVY, ATTACHMENT AND
11 EXECUTION; SECURITY FOR LOAN.

SENATE BILL 389**SECTION 2**

1 **SECTION 2.** 16.641 (7) (a) of the statutes is amended to read:

2 16.641 (7) (a) ~~A beneficiary's right to qualified withdrawals~~ An account
3 established under this section is not subject to garnishment, lien, levy, attachment,
4 execution or other process of law.

5 **SECTION 3.** 71.05 (6) (a) 26. of the statutes is created to read:

6 71.05 (6) (a) 26. For the taxable year in which a distribution is received, all of
7 the following amounts distributed from a college savings account, as described in s.
8 16.641:

9 a. To the extent that the receipt of such amounts by the owner or beneficiary
10 of the account results in a penalty as provided in 26 USC 529 (c) (6), any amount that
11 was not used for qualified higher education expenses, as that term is defined in 26
12 USC 529 (e) (3), and was contributed to the account after December 31, 2013.

13 b. Any amount rolled over by an owner into another state's qualified tuition
14 program, as described in 26 USC 529 (c) (3) (C) (i), to the extent that the amount was
15 previously claimed as a deduction under par. (b) 32.

16 **SECTION 4.** 71.05 (6) (b) 32. (intro.) of the statutes is amended to read:

17 71.05 (6) (b) 32. (intro.) An amount paid into a college savings account, as
18 described in s. 16.641, in the taxable year in which the contribution is made or on or
19 before the 15th day of the 4th month beginning after the close of a taxpayer's taxable
20 year to which this subtraction relates, by the owner of the account or by ~~a parent,~~
21 ~~grandparent, great-grandparent, aunt, or uncle of the beneficiary,~~ if the any other
22 individual, for the benefit of any beneficiary of the an account ~~is one of the following:~~
23 ~~the claimant; the claimant's child; the claimant's grandchild; the claimant's~~
24 ~~great-grandchild; or the claimant's niece or nephew;~~, calculated as follows:

25 **SECTION 5.** 71.05 (6) (b) 32. a. of the statutes is amended to read:

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1 71.05 (6) (b) 32. a. An Except as otherwise provided in this subdivision, an
2 amount equal to not more than \$3,000 per beneficiary, by each contributor, or \$1,500
3 by each contributor who is married and files separately, to an account for each year
4 to which the claim relates, except that the total amount for which a deduction may
5 be claimed under this subdivision and under subd. 33., per beneficiary by any
6 claimant may not exceed \$3,000 each year, or \$1,500 each year by any claimant who
7 is married and files separately. In the case of a married couple, the total deduction
8 under this subdivision and under subd. 33., per beneficiary by the married couple
9 may not exceed \$3,000 each year. In the case of divorced parents, the total deduction
10 under this subdivision and under subd. 33., per beneficiary by the formerly married
11 couple, may not exceed \$3,000, and the maximum amount that may be deducted by
12 each former spouse is \$1,500, unless the divorce judgment specifies a different
13 division of the \$3,000 maximum that may be claimed by each former spouse. For
14 taxable years beginning after December 31, 2013, the dollar amounts in this subd.
15 32. a., and the dollar amounts in subd. 33. a., shall be increased each year by a
16 percentage equal to the percentage change between the U.S. consumer price index
17 for all urban consumers, U.S. city average, for the month of August of the previous
18 year and the U.S. consumer price index for all urban consumers, U.S. city average,
19 for the month of August 2012, as determined by the federal department of labor,
20 except that the adjustment may occur only if the resulting amount is greater than
21 the corresponding amount that was calculated for the previous year. Each amount
22 that is revised under this subd. 32. a. and under subd. 33. a. shall be rounded to the
23 nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised
24 amount is a multiple of \$5, such an amount shall be increased to the next higher
25 multiple of \$10. The department of revenue shall annually adjust the changes in

SENATE BILL 389**SECTION 5**

1 dollar amounts required under this subd. 32. a. and incorporate the changes into the
2 income tax forms and instructions. Any amount that is paid into an account under
3 this subdivision that exceeds the maximum amount that may be subtracted under
4 this subdivision may be carried forward to the next taxable year, and thereafter,
5 subject to the limitations in this subdivision.

6 **SECTION 6. Initial applicability.**

7 (1) The treatment of section 71.05 (6) (a) 26. and (b) 32. (intro.) and a. of the
8 statutes first applies to taxable years beginning on January 1, 2014.

9 **SECTION 7m. Effective dates.** This act takes effect on the day after
10 publication, except as follows:

11 (1) The treatment of section 71.05 (6) (a) 26. of the statutes takes effect on June
12 1, 2014.

13 (END)